

DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY

☐ Action Date: \_\_\_\_\_  
☐ For Information Only

DEPARTMENTAL PERSONNEL MANUAL SYSTEM

DPM BULLETIN NO. 550-11

DATE: 10/1/77

SUBJECT: Severance Pay: Transfer of Functions to Private Organizations

The purpose of this bulletin is to remind all personnel offices of the provisions of section 550.701 (b)(6) of title 5, Code of Federal Regulations and establish specific Department of Transportation (DOT) requirements concerning this section. This regulation states that severance payments cannot be authorized to "an employee who, as a result of the transfer of the operation and maintenance responsibilities for a Federal project to a private organization, is offered comparable employment with the private organization or within 90 days of the date of the transfer accepts any employment with the private organization."

Enforcement of this regulation requires that the personnel office be informed of all employment offers made to employees by the private organization both before and 90 days after the transfer. The most effective way to obtain this information is to require it in the written contract that establishes the transfer of the operation. It will be the responsibility of each DOT personnel office involved in a transfer of operations to verify that appropriate controls are contained in the contract. As a minimum, the following should be specified in the contract:

A. The contractor will provide:

- 1) The names and social security numbers of former employees who have accepted or declined an employment offer. Notification is to be made by telephone within 24 hours after the offer is made. Follow-up written notification is to be made by certified mail (return receipt requested) no later than five days after the acceptance or declination of the offer.
- 2) The terms of the offered position: (a) salary; (b) benefits including paid leave, holidays, health insurance, life insurance, retirement, and (c) any other benefits that would contribute to the total monetary value of the offered position.

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3) The effective reporting date for the offered position.

B. The personnel office will provide:

1) A listing by name and social security number of the former employees for which the information is needed.

2) A termination date for this requirement. (This will occur approximately 90 days after all functions have been transferred.)

FPM Letter 550-72, Severance Pay: Transfer of Agency Functions to Private Organizations, provides guidance in the area of determining comparable employment. We are uncertain at this point as to whether the information contained in the FPM Letter will, as a practical matter, be of help to an operating personnel office in making "comparable offer" determinations and are also concerned that such determinations be made consistently throughout the Department. Therefore, we are requesting that either the headquarters or field personnel office inform us when a "comparable offer" determination must be made. Notification is to be made by telephone to Mrs. Gail Batt, Personnel Policy Division, on (202) 426-4140 at the time the determination is being made. It will not be our intention to second-guess these determinations but rather to discuss the problems, if any, involved in making the determinations and the need to establish a departmental policy.

Attached to this bulletin is a chart for your use which summarizes the various situations related to employment offers from private companies and the entitlement/non-entitlement to severance pay.

Attachment

  
Director of Personnel and Training

Severance Pay:  
Transfer of Agency Functions to Private Organization

|   | Entitled<br>to<br>Severance Pay | No<br>Entitlement to<br>Severance Pay |
|---|---------------------------------|---------------------------------------|
| 1. <u>On or before date of transfer</u>             |                                 |                                       |
| Comparable offer accepted                           |                                 | X                                     |
| Comparable offer declined                           |                                 | X                                     |
| Non-comparable offer accepted                       |                                 | X                                     |
| Non-comparable offer declined                       | X                               |                                       |
| 2. <u>Within 90 days after date<br/>of transfer</u> |                                 |                                       |
| Any offer accepted                                  |                                 | X                                     |
| Any offer declined                                  | X                               |                                       |
| 3. <u>91st day after transfer</u>                   |                                 |                                       |
| Any offer declined or<br>accepted                   | X                               |                                       |